QUARTERLY REPORT TO THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE

On

State Plan 2002: Blueprint for Change

Session Law 2001-437

October 15, 2002

This is the third quarterly report submitted to the Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services (LOC), pursuant to the requirements of Session Law 2001-437. Major developments in implementation of system reform are presented first with the specific report items contained in the statute immediately following.

Division Reorganization

The July Revision of the State Plan included a framework for reorganizing the structure of the Division to more fully support and facilitate system reform. The reorganization aims to take a functional approach to leadership and policy development and system oversight in lieu of the traditional "silo" model. The Division has established a stakeholder group to review materials related to the reorganization and provide suggestions and recommendations. The group is scheduled to have its second meeting on October 15th. At the meeting the group will review the assignment of functions to the teams and address any remaining issues.

Executive Leadership Team: The executive leadership team (ELT) is composed of the Director, Deputy Director and five section chiefs. Three of the chief positions were filled by the disability chiefs in the current organization. One chief was promoted from within. The remaining position is to head the customer relations and advocacy section. This position is currently in recruitment and will be filled by a primary recipient of mental health, developmental disabilities or substance abuse services.

The position was posted and closed effective September 17th. Thirty-three applications were received. As recommended by the Stakeholders Advisory Group, the selection process will be 3-tiered. A selection committee consisting of family/consumers and the Division's ELT will review the applications and narrow the pool of applicants. Selected applicants will have interviews scheduled with the same committee. The interview process will be a group interview and consist of structured questions and format that the committee will design. The top 3 selections will be forwarded to the Division Director and to the Secretary for final selection. An appointment is anticipated approximately November 1st

The Customer Relations and Advocacy Section will also staff and coordinate the Division Advisory Committee (DAC). The first meeting of the DAC has been delayed pending the

completion of the Division reorganization in January and the hiring of the Chief of Advocacy and Customer Services.

Management Team: Each chief position will be supported by team leaders in specific areas of section responsibility and will include the directors of state facilities. The ELT is continuing the inventory and evaluation of all existing division tasks and functions and deciding where each activity should most appropriately be placed. The completed reorganization is scheduled to roll out on or before January 1, 2003. The ELT is working with the Department and State personnel offices to ensure compliance with personnel issues.

Technical Assistance

The Division continues to make presentations on the State Plan at conferences and meetings across the State. Over July, August and September the Division Director, Deputy Director and Division staff have attended public forums, board meetings, meetings with County Commissioners, professional organizations, providers, consumers and families, and advocacy groups. A sampling of these meetings include the following:

- The Provider Council
- Edgecombe/Nash Area Program
- North Carolina Psychiatric Association
- Neuse Area Program
- DSS Attorney Conference
- Piedmont Area Program
- VGFW Area Program
- 3 Division Staff Informational Updates
- Value Options
- East Carolina University
- Children's Statewide Collaborative
- Division Reorganization Stakeholder Group
- CenterPoint Area Program, FARO Conference
- Foothills Area Program
- Lenoir County Commissioners
- NCARF Conference at High Point
- The Autism Society
- CPDMI
- State Health Directors
- NCAAMR Conference
- Onslow Behavioral Health
- ARC of Orange County
- Tri-County Forum
- Mental Health Association Annual Conference
- ARC Conference at Charlotte
- New River Area Program
- The NAMI Wake Conference

In September, the County of Lenoir hosted a mental health training forum for county commissioners and other interested citizens from the Counties of Lenoir, Wayne, Duplin and Sampson. The focus of the training was on the specific roles, responsibilities and other duties of elected commissioners in the reformed system. The presentation and training included an overview as well as handouts containing answers to commonly asked questions. These questions and answers may be reviewed on the DHHS website.

The NC Council of Community Programs and NAMI have developed training materials including a handbook and video for the new Consumer and Family Advisory Committees (CFAC). The handbook, titled *How Ordinary People Can Change Things,* was based on a draft by Laura Easterling, a member of the CFAC of OPC. The well written 16 page booklet contains a wealth of information designed to help new CFAC members understand the main concepts of reform and their roles and responsibilities in the new system. A copy of the handbook is attached for your review.

Division Technical Assistance Team: Specific technical assistance to individual or affiliated counties and their LME's is now one of the Division's primary foci of activity. A staff technical assistant has been assigned to each area program scheduled for phase one roll out, as well as to any other county/area program that has requested such assistance. The Technical Assistance Group meets on a bi-weekly basis to establish and maintain a unified perspective, share information, and keep current on emerging developments in implementation. Additionally, each meeting includes training on issues with statewide impact or relevance. The Group also submits specific questions from their assigned sites to the communications and training office, where they are answered by a small team, approved and then posted on the web for wide availability.

The main goals of the Technical Assistance Team are to:

- Provide on and off site policy guidance and consultation to LME's
- Oversee development of the Local Business Plan
- Problem solve with the team or seek guidance from the Director or Deputy Director
- Share knowledge gained with other members of the team and the Division

Communication Bulletins: Getting timely and complete information out to system stakeholders is one of the most challenging issues of the reform. It is vitally important to reach everyone involved promptly, as problems are resolved or policy is developed that impacts implementation. In addition to the lists of questions and answers that appear regularly on the website, the Division Director has distributed several memoranda clarifying issues or announcing policy decisions. Most recently, the Director has initiated a numbered series of communication memoranda with wide distribution. Communication Bulletin #001 dated 9/27/02, announced the series and established a process for handling any questions stemming from each bulletin. Communication Bulletin #002 dated 10/2/02, contains important information on local business plan submission and LME certification. Both memoranda are attached to this report for your review. Additional Communication Bullitins on Housing, Care Management/Case Management. And Financing are in preparation.

Local Systems Development

Letters of Intent: October 1st was the date by which all counties were to submit Letters of Intent to the Department of Health and Human Services (DHHS), selecting their model of governance and designating the LME. As of October 10th, 89 of the 100 North Carolina counties have submitted letters. The Department was notified that some letters would be briefly delayed due to dates of County Commissioners meetings. The Department is working with those counties and no problems are anticipated.

Phase-In of Local Service Systems: Roll out of reformed local systems is scheduled in three phases. Phase I LME's will come on line officially on July 1, 2003, with phases two and three following in January and July 2004, respectively. It is understood, however, that full and complete implementation of all requirements in the reform statute and state plan will need to occur over time, as LME's gain experience in their new roles, provider networks develop and mature, state-level administrative and funding policies are brought into congruence with the plan, additional resources become available and as system financing methods and models more closely support the reform.

The table attached represents the Counties/LME's that have submitted letters, those who have settled on a merger or group of affiliated counties and their prospective roll out schedule. Due to local issues that arose through Local Business Plan development, there have between some changes in area programs implementation dates.

Phase I Pilots and Demonstrations: Division leadership continues to work with the NC Council of Community Programs and the Phase I LME's to work out details of implementation and resolve issues. Topics of discussion include ways of designating qualified providers and the need for standardized criteria for authorization and/or denial, divestiture of services by area programs, funding the network, issues surrounding medicaid, and assuring that providers use best practices.

Additionally, LME's in the Phase I group are focusing on one or more specific areas of innovation or demonstration. Initial areas of special interest are affiliations and mergers; creative financing strategies, including study of a capitation model; meaningful consumer and family involvement, including certain areas of governance; reduction of administrative costs; provider network development in rural areas; access to care, including consolidated case management and telemedicine; use of technology, including electronic records, and telemedicine and performing administrative services for providers, and "pure LME" models with complete divestiture of services. The course and outcome of these special interest studies will provide LME's scheduled for later phase roll outs with the benefit of experience in what works well.

Local Business Plans: LME's are working actively on business plan development. Examples of some of the Local Busniess Plan development activities include the following: Blue Ridge has completed a framework for their plan which has been submitted to the eight counties in its proposed merger. Tideland, VGFW, Mecklenberg and Edgecombe/Nash and Piedmont have submitted first drafts of their plans to the Division. Edgecombe/Nash and Centerpoint have

websites where their drafts can be accessed by anyone who is interested. The site also contains a link to the DHHS website.

Services and Programs

Progress toward increased capacity continues on a number of fronts simultaneously. Briefly, the status of each project follows:

Renovation and Expansion of ADATCs: Design development is continuing. The Butner project will likely be ready for construction bids in November with a completion date of March or April 2003. Schematic drawings for WBJ and JFK are under review with anticipated construction bid in January with completion scheduled for autumn 2003. Additionally, staff are working on programmatic issues such as staffing plans, standardized assessment and triage protocols, treatment program modifications, policy and procedure development and training needs for both institution and community staff.

Current Status of Whitaker School: The RFA for Whitaker has been completed and contracts are being developed. The plan is for an 18-bed, Level IV facility in New Bern, NC. There were no approved RFA's for the Western Region, so solicitation of organizations has begun to offer proposals for at least an 18 bed facility in the western part of the State. As of October 1, the census at Whitaker was 34. Plans call for downsizing to 24 students or less by February 2003 via planned discharges. Upon its closure in June 2003, approximately 12 students will be transitioned into exisitng or developed community-based services with the remaining 12 students admitted to Carolina Choice (recipient of the RFA II award) in New Bern, NC.

ASAM Service Continuum: Process is underway to determine which levels of care in the ASAM continuum of substance abuse services should be designated as locally accessible by each region and those to be inter-regionally accessible services to be shared by several LMEs. The format for a service matrix describing the ASAM Continuum will include expanded service descriptions, current cross walk examples to existing licensure classifications, and elements to indicate anticipated service needs of each of the identified target populations in the State Plan. This service matrix will identify the service components necessary to provide a full continuum of care and available for use in the review of local business plans. The draft of the Service Matrix will be forwarded for review and approval on October 21st, 2002.

Enhanced Behavioral Care in Nursing Facilities: During this quarter, work by the Divisions of MH/DD/SAS, Medical Assistance, Facility Services, and other stakeholders has continued toward an enhanced behavioral health level of care in designated nursing facilities. An informational meeting for nursing facility operators who have expressed an interest in this project was held in mid summer. DMH is currently preparing to issue a Request for Applications. When implemented, these specialized services would provide an appropriate level of care for some individuals currently residing on the certified nursing units at Cherry Hospital.

Community Capacity Planning: As part of a planning process in each of the four regions, all area programs completed plans focused on the analysis and expansion of community services that will be needed to serve adults with mental illness as the number of beds in State Hospitals is

reduced over the next four years. No additional State hospital units were closed during this quarter because the Division is in the process of reviewing these plans in preparation to allocating funds for expansion of community capacity prior to the closures of hospital units planned for this year.

Additionally, funds from the Mental Health Block Grant have been allocated to increase community capacity based on best practices in the State Plan for adults who have severe mental illness. These include:

- **Assertive Community Treatment Teams (ACT)** – Funds were allocated to eleven local programs to develop ACT teams. Funds have also been allocated to support training and technical assistance for both the existing and the new ACT teams so that service will be delivered in the way that studies have shown is most effective for persons with severe and persistent mental illness.
- **Jail Diversion Projects**: **-** Two additional local programs have been allocated funds to provide jail diversion services. This increases the number of programs that have such projects to twelve. These projects focus on meeting the needs of the adult mental health priority population of mentally ill adults in the criminal justice system.
- **Recovery Model Training** – A second local program received funds for staff training in use of the Recovery Model. The Recovery Model presumes that individuals with severe mental illness can learn to effectively manage their illness and, with treatment, services and supports, attain lives of meaning, productivity and satisfaction.

Prevention Services Reflecting Best Practice: Competencies for Qualified Prevention Specialist specifically addressing national substance abuse criteria have been developed. A Substance Abuse Prevention Plan has been completed. A special provision was introduced by Senator Martin that was included in the recently approved budget bill. The provision outlines the following related to the Plan:

- Designate a North Carolina Office of Substance Abuse Prevention as outlined in the North Carolina Comprehensive Prevention Plan. The Office will be responsible for the implementation of the goals in the Plan.
- Provide only those prevention services that are evidence-based and have been determined to be effective to prevent alcohol and other drug problems;
- Establish rules for the licensure of prevention programs to ensure quality of service delivery in local communities;
- Ensure that services are provided by certified, appropriately trained and qualified prevention professionals;
- Implement an outcome-based system utilizing standard risk assessments and data elements consistent with appropriate evaluation of prevention programs.

The elements of the provision will be addressed as a structure is put into place for the Office of Prevention. A work group continues to evaluate whether practice standards and competencies for a cross disability prevention specialist is possible or practical at this point.

Best Practices Services and Supports: A workgroup has developed a position paper and resource lists for implementation of best practice treatment, services and supports. The paper includes guidelines or a framework for determining best practices or models of best practice, gives current examples of best practices and identifies specific steps for implementation of best practice within the system. The document builds on the philosophical foundations contained in the State Plan that require the reformed system to be consumer driven, including self-determination, person-centered planning, emphasis on recovery, use a system of care approach, and be culturally competent. Four levels of Best Practice models are described followed by specific examples:

- **Evidence-Based Practices:** Interventions supported by formal evaluation or research as evidenced by empirical findings that appear in peer-reviewed professional literature. Examples by specific disability include,
    - **Adult Mental Health Services**
        - Assertive Community Treatment Teams (ACTT)
        - Integrated Dual Diagnosis Treatment
    - **Child and Family Mental Health Services**
        - Multi-Systemic Therapy
        - Functional Family Therapy
    - **Substance Abuse Services**
        - Cognitive Behavioral Treatment
        - Motivational Enhancement Therapy (MET)

- **Clinical Best Practice:** Documented evidence of significant consensus among experts in the field that a treatment is effective or superior to other treatments, even though the treatment's effectiveness has not yet been established through systemic empirical research. Examples include:
    - **Adult Mental Health Services**
        - Illness Self-Management – (education and treatment partnership)
        - Psychosocial Rehabilitation Clubhouse (PSR/minimal staff, increased consumer involvement)
    - **Child and Family Mental Health Services**
        - Family Preservation Program
        - Therapeutic Mentoring
    - **Substance Abuse Services**
        - Employee Assistance Programs
        - Residential Recovery Homes for Women and Their Children
        - Relapse Prevention

- **Self-Help and other forms of consumer supports:** Services or supports that are an individual's or family's preferred modality for which no systematic research evidence exists, but have demonstrable effectiveness or outcomes for the individual and/or family. Examplse include:
    - **Adult Mental Health Services (**recovery focused consumer run or provided)
        - Drop-in Centers
        - Peer Case Management

- **Child and Family Mental Health Services**
  - Parent Support Groups
  - Parent Education Programs
- **Substance Abuse Services**
  - NA, AA and other recovery support groups
  - Peer Assistance and Leadership (PAL)

Since best practice in regard to individuals with developmental disabilities focuses on providing supports to enable the person to live successfully within their chosen community as opposed to treatment, *per se*, there are no "treatment" models for developmental disabilities within these categories. However, the individualized supports that are so critical to successful community living for individuals with developmental disabilities also have application for all others with severe disabilities including **prevention programs, case management, crisis services, a continuum of housing supports, supported employment (including long term supports), and respite services**. The full document is under review by division leadership and will be posted on the web on final approval.

Clinical Guidelines Update: Clinical guidelines for the medical management of severe and persistent mental illness and also for substance abuse treatment have been updated and are under review.

New State Hospital Site: Secretary Hooker Odom has announced that the Department's choice for a new state psychiatric hospital site is the Town of Butner. Slated ultimately to replace both Dorothea Dix and John Umstead Hospitals, Butner was selected over the present Dix Campus and a site in Chatham County because Butner is centrally located for patients, families, employees and researchers at Duke University and UNC-Chapel Hill. The site also has adequate utilities, highway access and low-cost land. However, actual construction in Butner, or at any other site, depends on funding for the new facility.

Olmstead Plan: Much of the work on building community capacity is occurring in connection with the State's *Olmstead Plan*. *Olmstead* refers to a 1999 U.S. Supreme Court decision which held that it is a violation of an individual's rights under the Americans with Disabilities Act to remain in an institution when: a) treatment professionals have determined that community placement is appropriate, b) the individual does not oppose a move to community, and c) the placement can be reasonably accommodated. In 2000, President Bush issued an Executive Order requiring all federal departments to move States toward compliance.

In response to the Court's decision, North Carolina developed its *Olmstead Plan.* The plan is posted on the DHHS website for review. As part of the State's Plan, the Division established a process for assessing all potentially qualified individuals who reside in state psychiatric institutions, mental retardation centers, community-based ICFs-MR, and individuals at risk of institutionalization. Standardized assessments and personal preference interviews have been performed on all eligible individuals. From these, both individual service planning and aggregate community capacity needs can be determined. Using results of these needs assessments, facility, division and area program staff are working together to develop community capacity to provide the services and supports that will be needed by those returning to

community. Through the Olmstead assessment and planning process, over 500 adults and approximately 20 children and adolescents residing in mental health facilities for 60 or more days were identified as potentially able to transition to the community.

The Division has prepared an extensive report, Olmstead Activities, FY 01-02, which is attached to this report.

Administration and Infrastructure Issues

Workgroups composed of providers, advocates, consumers and families, area program, institutional and division staff have been working to develop administrative and programmatic elements contained in the State Strategic Business Plan. All implementation workgroup projects with October 1, completion dates have been submitted to the ELT for review and approval. The ELT is reviewing each of the work products relative to the following:

- Identifying products that need to be considered in conjunction with the finance strategy being developed, and/or
- Identifying products that may need further work by the group to be complete,
- Identifying products that will need to be considered relative to the reorganization – all work group efforts related to the State Plan will be tied directly to the formal functions of the teams in the re-organized Division, and,
- Ensuring that individual final products are complimentary to and interrelated with other relevant products - making sure the parts come together as a whole.

Following is a brief synopsis of each item and its status as of October 1:

Grievances and Appeals: The Human Rights and Appeals Group has developed a draft policy outlining the criteria and process steps for complaints, grievances and appeals. The proposed policy establishes a right to due process procedures beginning at the local program level and proceeding through Fair Hearing by the Office of Administrative Hearings. The proposed policy would apply to any service recipient, both insured and uninsured. The draft is currently under review for legal policy implications and fiscal impact.

Uniform Portal/Core Functions: The workgroup has completed its assignment and brought recommendations forward. These are under review by Division leadership and will be published on approval. Actual instruments to be used for screening and assessment are in progress by a different workgroup.

Direct Provider Enrollment: This issue remains under study by the Department. Expanding direct enrollment of providers has policy, programmatic and fiscal implications that must be thoroughly evaluated before moving forward.

Quality Management: Work continues on an outcome-based quality management system that focuses on continuous quality improvement. The ultimate goals are to assure that treatments, services and supports conform to best practices and that data collected provides meaningful comparison across programs and services. Individual outcome domains include:

- Meaningful Daily Activity
- Community Connections
- Social/Family Relationships
- Self Determination
- Living Arrangements
- Justice System Involvement
- Customer Satisfaction
- Health and Safety (including treatment)
- Rights/Respect
- General Well-Being

System performance domains include:

- Access to Services
- Resource Stewardship
- Service Coordination/Cross Agency Collaboration
- Staff Competencies
- Service Array and Continuity of Supports
- Reduction of Disparities
- Consumer and Family Involvement
- Expansion of Services to Target Populations

Work focuses now on developing specific measures under each of the domain areas.

Communication, Education and Training: A State Communication and Education/Training plan has been drafted. The Plan includes tactical outcomes, assumptions, and a description of the processes for statewide education and communications. The training plan process includes needs analysis, defining the audience, designing the product, determining the message and media, preparation of training including research, selecting delivery methods, evaluating the outcomes and using the information to make any needed adjustments. The Plan also focuses on increasing awareness of the reform effort, including developing communication and marketing strategies, developing brochures and other publications for wide distribution and maintaining the website as an easy way to get up to date information.

Disaster Preparedness: Each LME and provider must have a disaster preparedness plan that meets the requirements of their particular accrediting body. A work group has developed guidelines to assist local systems in developing and maintaining effective disaster response capability. Elements include planning and preparedness, alert and mobilization, response plans and activities and recovery plans. The guidelines are under review and will be posted on the website on approval.

Rules Coordination: A protocol for rules review has been drafted. The protocol includes the entire process from initial draft to presentation and review by the Rules Coordination Workgroup (RCW), to submission to the Mental Health Rules Committee of the Mental Health Rules Commission. A timeline has been developed. Upon approval, the protocol and timeline will be posted on the website.

Integrated Payment and Reporting System (IPRS): All area programs have been assigned a phase and implementation schedule. MOAs have been developed and implemented. Project schedules for Electronic Data Interchange (EDI) transactions have been published. Complete implementation of IPRS is scheduled for June 30, 2003.

Decision Support System: The Decision Support system is a new system designed to increase and support data-driven decisionmaking. Access to timely, accurate information makes the difference between relying on the intuitive method (guessing) or being able to make an informed decision based on known facts. The Decision Support System for Central Office staff began in June and area program staff started training in early October.

Waiver Re-Design: As previously reported, drafts of three new waivers (Comprehensive Waiver, Supports Waiver and a waiver for persons who have sustained traumatic brain injury), and a technical amendment to the current waiver were completed in July. After review by both DMH and DMA, it was determined that additional modifications would be necessary to bring the functions of the waivers more in line with the State Plan. All waivers and amendments are scheduled to be submitted to the Center for Medicare and Medicaid (CMS) by January 2, 2003 with a requested implementation date of July 1, 2003.

MOA/MOU: Division staff has reviewed and catalogued all such agreements currently in use to determine if they are contractually appropriate and contain language that is consistent with the State Plan. The group then proposed policy that would govern the appropriate uses of MOA/MOU, specify the basic content that each should include and establish a centralized management system to assure that all such agreements are properly drafted, useful and remain relevant to the intended use. The committee also developed a template of an MOA/MOU between LME's and their respective Consumer and Family Advisory Committees. The template is not intended to be mandatory but, rather, to act as guidance to LME's as they work to develop viable and meaningful relationships with people with disabilities and their families in each region.

Session Law 2001-437, Section 3 Reporting Requirements

Pursuant to the requirements of Section 3,(a), the status of remaining items listed in Section 3,(a), 1-9 are:

Section 3,(a),(3), Oversight and Monitoring Functions: Oversight and monitoring are aspects of an overall quality management program designed to assure compliance with federal, state and financial requirements. Oversight and monitoring are jointly managed by DMH, DMA, and DFS, depending on the specific area of responsibility. Additionally, pursuant to SB163, area authorities or county programs are responsible for monitoring the provision of mental health,

developmental disability and substance abuse services for compliance with the law in cooperation with the Department. These activities are part of a spectrum of quality assurance activities. Monitoring protocols are under development along with other aspects of a systemwide quality management program. With reform, quality management shifts from primarily a quality assurance function to that of continuous quality improvement. Each LME as well as the Division must have a Continuous Quality Improvement Plan and program. Draft guidelines for developing such programs have been developed and are pending approval. The guidelines are aimed at assisting LME's to meet the quality management requirements parts of the Local Business Plan.

Section 3(a), (4), Service Standards, Outcomes, and Financing Formula:
Service standards are included in each work group product. Outcomes were discussed earlier in this report. The inter-department Finance Team has been meeting weekly to develop a comprehensive finance strategy that is most supportive of the system reform effort. In order to expedite the finance strategy design effort, two consultants, The Technical Assistance Collaborative (TAC) and Pareto Solutions, will be working together to help guide and manage the process as well as providing technical and substantive work product contributions necessary to move toward implementation.

Section 3(a),(5), Format and Content of Business Plans, Method of Evaluation:
The format and content of Local Business Plans was included in the July revision of the State Plan. Communication Bulletin #002 provides further information about the approval of Local Plans and the certification of LME's. The Bulletin is attached to this report for your review.

Section 3(a),(8) Consolidation Plan, Letters of Intent:
Counties are continuing to work together toward mergers and affiliations that will provide them with valuable economies of scale. A report on the number of voluntary consolidations will be submitted to the Secretary and the LOC by July 1, 2003. A further progress report will be included in the July 2004 State Plan Revision. If the remaining number of Area/County programs exceeds 20, the Secretary will submit a consolidation plan to the LOC by December 31, 2004.

Section 3(a),(9), Submission of Local Business Plans:
Area Program/Emerging LME's and their planning constituencies are working actively toward preparation of their local business plans. As reported earlier in this report, several LME's have already submitted draft LBP's.

Attachments:

1. *How Ordinary People Can Change Things,* A handbook for Consumer and Family Advisory Committees

2. Communication Bulletin 001
3. Communication Bulletin 002
4. Table of Counties/LME's Letters of Intent